

Message Text

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ACTION AID-31

INFO OCT-01 AF-06 NEA-10 ISO-00 EB-07 L-03 /058 W

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 3377

INFO AMEMBASSY NAIROBI

UNCLAS KUWAIT 3073

DEPT PASS AID/SER/H: DAVID MCVOY FROM BOGOSIAN

NAIROBI FOR GARDNER

E.O. 11652: N/A

TAGS: EAID, KU

SUBJECT: REIMBURSABLE TECHNICAL ASSISTANCE: TERZO/SUNDERLAND
CONTRACT PROBLEM

REF: 267-RTA-02 CONTRACT AID/OTR-C-1390

1. PROBLEM HAS COME UP OF OVER PAYMENT OF FRINGE BENEFITS TO TERZO THAT WE ALSO EXPECT TO AFFECT SUNDERLAND. AID/W HAS RETURNED TERZO'S INITIAL VOUCHER DATED JUNE 12, 1975 WITH NOTE EXPLAINING THAT FRINGE BENEFITS OF \$534.17 NOT RPT NOT BEING PAID BECAUSE QUOTE FRINGE BENEFITS WAS NOT SUPPORTED WITH DOCUMENTS TO PROVE PAYMENT OF ITEMS ALLOWED UNDER LINE ITEM ARTICLE III(C)(7)(F); THEREFORE, \$534.17 WAS DISALLOWED. UPON RECEIPT OF NECESSARY RECEIPTS (WITH VOUCHER) THIS OFFICE WILL PROCESS PAYMENT ON ALL ALLOWABLE COSTS. UNQUOTE. DOCUMENT REFERENCE IS SER/FM/RSD:GK AND IS SIGNED BY WAYNE MCKEEL, ASSISTANT CONTROLLER, REGIONAL BUREAUS FINANCIAL SERVICES DIVISION, OFFICE OF FINANCIAL MANAGEMENT.

2. TERZO ARGUES THAT AT TIME HIS (AND SUNDERLAND'S) CONTRACT NEGOTIATED IT UNDERSTOOD THAT RECEIPTS NOT RPT NOT REQUIRED. HE NOTES, FOR EXAMPLE, THAT IF HE CHOOSES TO PLACE MONEY IN BANK TO SATISFY PENSION PLANNING, THERE WOULD BE NO RECEIPT. MOREOVER, AID/W HAS WITHDRAWN FICA EMPLOYEE CONTRIBUTION FROM

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BASIC SALARY, ALTHOUGH ARTICLE III (C)(7)(F) INDICATES FICA

SHOULD BE CONSIDERED PART OF FRINGE BENEFITS. (WE WONDER HOW ONE SHOWS RECEIPT FOR FICA PAYMENT). THUS, NOT ONLY HAS TERZO NOT BEEN PAID FRINGE BENEFITS, HE HAS RECEIVED LESS BASIC SALARY BECAUSE OF FICA DEDUCTION.

3. TERZO HAS SENT YOU COPY OF LETTER TO ME DATED JULY 22 OUTLINING ARGUMENTS IN HIS BEHALF ON THIS MATTER. WE NOTE THAT NEITHER IN ARTICLE III (C)(7)(F) NOR IN ARTICLE VI (H), WHICH, AS FAR AS WE CAN TELL, ARE ONLY PLACES IN CONTRACT WHERE FRINGE BENEFITS MENTIONED, IS THERE ANY SPECIFIC MENTION OF RECEIPT REQUIREMENT. IN FACT, ARTICLE VI (H) SEEMS TO SUPPORT TERZO'S CONTENTION THAT FRINGE BENEFITS WERE CALCULATED AS A PERCENTAGE OF BASE SALARY, WHICH, YOU WILL RECALL, IS HOW THIS ITEM WAS CALCULATED FOR PURPOSES OF DETERMINING COST TO NHA; UNDER ITS AGREEMENT WITH AID.

4. NEEDLESS TO SAY, TERZO IS QUITE UPSET WITH WHAT HE BELIEVES IS UNAUTHORIZED WITHHOLDING OF PART OF HIS OVERALL REIMBURSEMENT UNDER CONTRACT WITH AID. SUNDERLAND CONCERNED THAT SIMILAR UNAUTHORIZED ACTION MAY AFFECT HIM. BASED ON OUR READING OF CONTRACT, APPEARS TERZO IS CORRECT, AND WE REQUEST THAT YOU DO WHAT YOU CAN ASAP TO STRAIGHTEN MATTER OUT IN WASHINGTON. IN THAT CONNECTION, YOU WILL SEE WHEN YOU RECEIVE COPY OF TERZO'S LETTER OF JULY 22 THAT HE ALSO CONCERNED THAT THERE MAY BE CONFUSION OVER ADVANCE OF 23RD AND 24TH MONTHS' PAY, AND YOU MAY WISH TO ASSURE YOURSELF AND US HERE THAT THIS PARTICULAR MATTER NOT LIKELY TO RUN INTO PROBLEMS ALSO.

5. COMMENT: OCCURS TO ME THAT PROBLEM PERHAPS COULD BE RESOLVED IF MCKEEL'S OFFICE HAD SOME LETTER OR STATEMENT FROM SOMEONE, EITHER SER/H, THE EMBASSY OR TERZO HIMSELF, EXPLAINING SPECIFIC SITUATION. ONCE STATEMENT IN FILES, IT COULD SATISFY RECEIPT REQUIREMENT THROUGHOUT LIFE OF CONTRACT.
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